

O P 060543Z FEB 09
FM AMCONSUL HO CHI MINH CITY
TO SECSTATE WASHDC IMMEDIATE 5373
INFO AMEMBASSY HANOI PRIORITY
AMCONSUL HO CHI MINH CITY PRIORITY
ASEAN REGIONAL FORUM COLLECTIVE
USDOC WASHDC PRIORITY 0110

C O N F I D E N T I A L HO CHI MINH CITY 000093

STATE FOR EAP/MLS, EAP/PD, USAID/ANE, EEB/TPP/BTA/ANA, OES/STC
STATE PASS USTR FOR BISBEE
USDOC FOR 4431/MAC/AP/OPB/VLC/HPPHO

E.O. 12958: DECL: 2/6/2019
TAGS: ECON ETRD TBIO SCUL KPAO SOCI PGOV PREL VM
SUBJECT: CAN "SPECIAL ACADEMIC ZONES" RESCUE VIETNAM'S UNIVERSITIES?

REF: HCMC 1002 "STAFFDEL ATKINS"

CLASSIFIED BY: Kenneth J. Fairfax, Consul General, U.S.
Consulate General Ho Chi Minh, Department of State.

REASON: 1.4 (b), (d)

¶11. (C) Summary: Vietnam's universities are among the worst in the Asia-Pacific region, and without dramatic improvement Vietnam will not achieve its development goals. While numerous innovators -- including Deputy Prime Minister and Minister of Education Nguyen Thien Nhan -- have stepped forth with plans to fundamentally reform or remake the system, an intransigent bureaucracy filled with communist party stalwarts as well as political concerns over the "threat" of academic freedom have effectively thwarted most forward progress. Against this backdrop, the plans of one of Vietnam's wealthiest business leaders to sidestep the bureaucratic process by asking the National Assembly to pass legislation approving a "special academic zone" modeled on the "special economic zones" that catalyzed Vietnam's economic transformation holds real hope, particularly since the business woman in question is prepared to commit one hundred million dollars of her personal fortune to the establishment of an independent, non-profit university guided by a team of experienced international (mainly American) academics. Just as the first "special economic zone" helped usher in further reforms that opened up Vietnam's economy, the university's backer hopes this "special academic zone" will eventually help prepare for fundamental reform of the educational system. End Summary.

Universities in Crisis

¶12. (U) By any measure, higher education in Vietnam is in crisis. Qualitatively, only ten percent of Vietnamese youth attend university, versus attendance rates of 15, 41, and 89 percent in China, Thailand, and South Korea, respectively. The few who do attend university find themselves in almost universally sub-standard institutions. In 2008, the World Economic Forum ranked Vietnam's higher education system 98th of 134 countries surveyed, and the country lacks even a single university of internationally recognized quality. Both domestic and foreign employers report that graduates lack economically relevant skills, a result of an emphasis on rote learning and too much classroom time devoted to political indoctrination.

¶13. (SBU) As Vietnam spends more on education than most countries in Southeast Asia, the key issue is not total funding but how it is spent. The Ministry of Education and Training's (MoET) budget has increased six-fold this decade, to an estimated \$4.6 billion -- a hefty five percent of GDP. While analysts tell us the money could be better spent -- meager faculty salaries (averaging \$150 per month), for example, have barely kept up with inflation -- experts ranging from leading Vietnamese professors to a Harvard study team have concluded that poor academic governance lies at the heart of the education crisis. They further point out that MoET distributes funding without respect to individual or institutional merit and is notorious for micromanaging everything from tuition and

professors' promotions to curricula and enrollment levels (reftel). The communist party-dominated personnel bureau within MoET must vet every academic appointment and promotion. Applicants to graduate school in any field -- from art and literature to medicine and engineering -- must have received top scores in their undergraduate courses on "Ho Chi Minh Thought." Meritocracy, academic freedom, a diverse funding base and managerial autonomy, experts agree, are recognized components of academic success that are lacking in Vietnam.

Bureaucratic Gridlock

¶4. (C) For Vietnam's fledgling high-technology sector, increasing the number of competent technology graduates is a matter of survival. According to the chief technical officer of a Singaporean electronics firm, Vietnam is at a "crucial inflection point" -- unless the country's universities begin to produce knowledge workers, high-tech investment will dry up. The General Manager of Intel Vietnam told EconOff that Intel, along with two U.S. university partners, had proposed to MoET to collaboratively establish a \$100 million engineering university using U.S.-style curriculum and governance, to which Intel and other private sector donors would contribute \$30 million. MoET never responded to the proposal, likely because they couldn't stomach the loss of control such a partnership would entail, according to the Intel GM.

Industry Turns to Private Sector Education

¶5. (SBU) Since the unsuccessful outreach to MoET, Intel has shifted its focus to the private sector. In addition to providing scholarships for promising Vietnamese youth to attend U.S. engineering schools as well as those few Vietnamese universities that Intel has found that are willing to improve their curriculum to meet the needs of the IT sector, the firm is looking to foreign and domestic private educational institutions as potential sources of technical talent. These include both Tri Viet University, a private university being organized by Madame Ton Nu Thi Ninh, a former Vietnamese diplomat and National Assembly member, and the Royal Melbourne Institute of Technology (RMIT), which is a wholly-owned and managed subsidiary of RMIT in Australia. Intel hopes to convince RMIT to add an Australian engineering curriculum to its current course offerings of business, accounting, and computer programming. (Note: The law on foreign-owned universities affords them greater latitude in establishing curriculum, setting tuition, etc., than Vietnamese universities enjoy. RMIT in particular was established before the law on foreign-owned universities and has even more freedom because it was grandfathered in once those regulations were issued. In addition, private institutions, whether Vietnamese or foreign, that confine themselves to vocational or technical training and register as commercial enterprises are able to obtain licenses from the Ministry of Labor, Invalids and Social Affairs (MOLISA) rather than from MoET and are allowed greater latitude to set their own curricula and fees. End Note.)

From Industrial to Academic Zones

¶6. (C) An audacious attempt to create a private, non-profit international-caliber university is underway in Long An province, some 40 kilometers from HCMC. Madame Dang Thi Hoang Yen, Vietnam's premier industrial park developer and philanthropist, is prepared to spend \$100 million of her family's personal fortune on what she hopes will be one of Asia's top ten academic Institutions by 2030. While she is both bankrolling the venture and spearheading political efforts to gain approval, Mme. Yen suffers no illusions that her proven skills as a business woman qualifies her to run a major university. Instead, she has recruited an international (mainly American) team of experienced academics with experience in university administration to plan and guide the school's development within the "safe zone" she plans to create via special legislation establishing a "special academic zone" modeled on the "special economic zones" she pioneered over 15 years ago.

¶7. (C) Vietnam's leadership isn't holding back education

reform, Madame Yen observed, it is the bureaucrats in MoET from the vice-minister level on down that have effectively blocked reform to date. Yen plans to avoid the bureaucratic pitfalls that have thwarted other reform efforts by engineering an end-run around MoET. While not a party member (she and her four siblings all refuse to join), Yen's phenomenal business success has brought her the kind of access required for such a bold stunt to succeed. She states that she has already secured political support from a broad spectrum of Vietnam's top leadership, including Prime Minister Prime Minister Nguyen Thanh Dung, Communist Party Secretary General Nong Duc Manh, several other Politburo members, and the entire leadership of Long An province. Yen hoped for additional support from the communist party's number two, Truong Tan Sang, who agreed visit the construction site when he returned home to Long An province for the lunar new year holiday.

¶8. (C) Her next step will be to go directly to the National Assembly for legislation creating a "special academic zone" where a university can operate outside of MoET's control with an American-style charter and the ability to control its own curriculum. While she foresees that her new private university, to be named Tan Tao University, will be supported by private funds for its first ten years of operation, she hopes that over time the school will gain GVN acceptance and financial support as well as be able to charge tuition capable of meeting a sizable portion of its expenses.

¶9. (C) Physical construction of the university has already begun. To jump-start her plan, work is already nearing completion of a 2-year vocational training institute that will accept its first class this fall. Because "training centers" fall under the jurisdiction of the Ministry of Labor, Invalids and Social Affairs (MOLISA) rather than MoET, she had no problem obtaining a license for that institution. Once she has secured legislation creating a special academic zone with a university outside of MoET's control, she will fold the training center into the 4-year university she plans to start building this fall. She is also beginning construction of an academic township, complete with housing, shopping and entertainment, to provide foreign and Vietnamese professors with a desirable place to live. An expressway her firm is building will place the campus within a 40-minute drive of HCMC's airport. As a highly successful real estate developer and the owner of some of Vietnam's largest private construction companies, Mme. Yen plans to focus on physical infrastructure while leaving the running of the university to the academic experts.

Comment

¶10. (C) Since the vast majority of the bureaucrats who serve as both professors and administrators in the MoET-dominated university system rose up through a system that rewarded party loyalty rather than academic excellence or managerial competence, it is not surprising that neither top GVN officials nor highly committed educators have been able to force the bureaucracy to fundamentally reform the system. That is why, if approved, Madame Yen's "special academic zone" could represent a major step toward overall academic reform, including academic freedom, university self-governance and an end to excessive emphasis on teaching "Ho Chi Minh Thought" and other forms of political indoctrination.

¶11. (C) Comment continued: While Mme. Yen's plans are certainly audacious, they are not without precedent. Recognizing that Vietnam's communist-inspired policy that all land belongs to "the people" (the GVN) represented an insurmountable barrier to economic development, in the early 1990's she worked directly with reform-minded members of the CPV (such as former PM Vo Van Kiet) as well as provincial officials (including President Nguyen Minh Triet, who was then People's Committee Chairman for Binh Duong province) to bypass bureaucratic opposition to the concept of private land ownership by submitting legislation directly to the National Assembly that avoided explicitly doing away with the ideological sacred cow of "all land belongs to the people" while creating a formal, legal system of land use rights that includes so-called "red book" rights that are virtually indistinguishable from simple land ownership. Since then, she

and her family have successfully weighed in on numerous key economic policy decisions that have furthered reform while both advancing the family's private fortunes and the careers of politicians who supported and took credit for the successful innovations. In orchestrating her end-run around MoET, Yen is both relying on a tactic she has used successfully before and cashing in numerous political chips she has built up over the years. End Comment.

¶12. (U) This cable was coordinated with Embassy Hanoi.

FAIRFAX